

## **REMARKS**

### **I. Formalities**

Claims 1-9 and 11-39 are in the subject patent application. Applicant amends claims 1, 3, 16, 19, and 32 herein. The amendments for claims 1, 3, 16, and 32 are not made for reasons related to patentability. No new matter is added herein by this amendment.

### **II. Claims 1-9 and 11-39 Are Allowable in View of 35 U.S.C. §101**

Claims 1-9 and 11-39 overcome the rejection under 35 U.S.C. §101 as being allegedly directed towards non-statutory subject matter because independent claims 1, 19, and 25 contain patentable subject matter.

Section 101 of Title 35 of the U.S.C. lists subject matter eligible for patent protection, namely, “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.”

Independent claim 1 requires, in part, “receiving into the deferred income account a deferred portion of a first one of the plurality of monetary payments in order to increase a balance of the deferred income account; making a loan for a principal amount to the second entity; after receiving the deferred portion of the first one of the plurality of monetary payments, providing a first portion of the balance of the deferred income account for obtaining the payout amount; [and] repeating the receiving step for subsequent ones of the plurality of monetary payments.”

Amended independent claim 19 requires, in part, “receiving into the deferred income account a deferred portion of a first one of the plurality of monetary payments in order to increase a balance of the deferred income account; arranging a loan for a principal amount to the tribal member; ... after receiving the deferred portion of the first one of the plurality of monetary payments, forwarding a first portion of the deferred income account to a third party such that the third party can arrange to obtain the payout amount; [and] repeating the receiving and deducting steps for subsequent ones of the plurality of monetary payments.”

Independent claim 25 requires, in part, “receiving into the deferred income account a deferred portion of a first one of the plurality of monetary payments in order to increase a balance of the deferred income account; ... after receiving the deferred portion of the first one of the plurality of monetary payments, using a first portion of the balance of the deferred income account to obtain the payout amount; loaning a principal amount to the tribal member; providing an insurance policy on a life of the tribal member, the insurance policy having a death benefit; [and] repeating the receiving and deducting steps for subsequent ones of the plurality of monetary payments.”

The USPTO claims that to “qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplishes the method step.” Office Action, dated 5/28/2009, page 4, lines 15-18. A patent-eligible process under Section 101, however, is one that: (1) “is tied to a particular machine or apparatus,” or (2) “transforms a particular article into a different state or thing.” *In re Bilski*, 545 F.3d 943, 954 (2008).

Applicant respectfully submits amended independent claims 1, 19, and 25 transform a particular article into a different state or thing. The central purpose of claims 1, 19, and 25 are to transform the article (e.g., taxable income) into a different state (e.g., a non-taxable loan). See *Id.* at 994 (“the transformation must be central to the purpose of the claimed process”).

Accordingly, claims 1, 19, and 25, and claims 2-9, 11-18, 20-24, and 26-39, which depend therefrom, include patentable subject material.

### **III. Claims 1-9 and 11-39 Are Allowable in View of 35 U.S.C. §103**

#### **A. Claim 1 Is Allowable over Private Letter Ruling 199908006 in view of McCain, Burgess, and Notice 2001-10**

Independent claim 1 overcomes the rejection under 35 U.S.C. §103(a) as being allegedly obvious over Private Letter Ruling 199908006 (“PLR”) in view of U.S. Patent Publication No. 2002/004771 to McCain and in further view of U.S. Patent No. 5,966,693 to Burgess and in further view of I.R.S. Notice 2001-1: Split Dollar Life Insurance Arrangements (“Notice 2001-10”) because the combination of PLR, McCain, Burgess, and Notice 2001-10 does not teach or suggest every limitation of claim 1.

Claim 1 requires, in part, “periodically withholding an interest payment amount from the balance of the deferred income account to repay a finance charge for the loan.” PLR does not teach or suggest this limitation. PLR teaches a method that allows member of a Tribe to defer per capita distributions. PLR, however, fails to teach or suggest making a loan for a principal amount to the second entity much less periodically withholding an interest payment amount from the balance of the deferred income account to repay a finance charge for the loan, as required by claim 1.

McCain does not provide the missing teaching of PLR. McCain teaches method of setting-up an employee deferred income plan. McCain teaches a system where an employee defers compensation and where a non-taxable entity creates an indemnification trust account to indemnify the employer against the obligation to pay the employee's deferred compensation. Paragraph 088. Nowhere does McCain teach making a loan for a principal amount to the second entity much less periodically withholding an interest payment amount from the balance of the deferred income account to repay a finance charge for the loan, as required by claim 1. Rather, McCain teaches the employee deferring a portion of his compensation and an indemnification trust account being created for the benefit of the employer.

The USPTO claims that Burgess teaches this limitation at column 4, lines 43-55 and column 4, line 66 through column 5, line 6. Office Action, dated 05/28/2009, pages 7, lines 19-22. Burgess, however, teaches the "employee enters a loan agreement to partly cover employee insurance premiums ... employee takes out and owns the life insurance policy, paying the remainder of the premiums from after-tax income ... It is also possible to schedule payments from the employer as bonuses to the employee." Column 4, lines 43-55. Furthermore, Burgess teaches that the insurance agreement has a term of at least seven years, and periodic insurance premiums must be paid by the employee under the insurance agreement during this seven year term. Column 4, line 67 through column 5, line 6. Nowhere, however, does Burgess teach periodically withholding an interest payment amount from the balance of the deferred income account to repay a finance charge for the loan, as required by claim 1.

Notice 2001-10 does not provide the missing teachings of PLR, McCain, and Burgess. Notice 2001-10 teaches the requirements for a split-dollar life insurance arrangement to be characterized as a loan for tax purposes by the I.R.S. Notice 2001-10 also discusses the tax

treatment of certain direct and indirect below-market loans under section 7872 of the I.R.S. Code. Page 460, column 2 line 40 through column 3 line 13. Nowhere, however, does Notice 2001-10 teach periodically withholding an interest payment amount from the balance of the deferred income account to repay a finance charge for the loan, as required by claim 1.

Applicant respectfully submits that it would not be obvious to a person skilled in the art to try to combine PLR with McCain, Burgess, and Notice 2001-10 because PLR is non-analogous art with McCain, Burgess, and Notice 2001-10. PLR is a ruling by the I.R.S. that holds that per capita benefits (e.g., money) paid to tribal members of an Indian Tribe under a deferred benefits plan is not included in the income until the per capita benefits are paid or made available to the tribal member. Basically, an Indian Tribe is distributing to members of the Tribe the net revenue from gaming or another Tribal income source. To receive the money, the tribal member does not have to work for the Tribe or provide any other service to the Tribe. The per capita benefits are received for being a member of the Indian Tribe, not in exchange for work performed for the Indian Tribe.

On the other hand, McCain teaches a non-qualified deferred compensation plan to an employee where an employer can provide extra benefits to important employees who work for their compensation. Burgess teaches a split-dollar life insurance arrangement. Notice 2001-10 teaches the requirements for a split-dollar life insurance arrangement to be characterized as a loan for tax purposes by the I.R.S. To use the methods of McCain and Notice 2001-10, an employer/employee relationship must exist. As described at great length in McCain and Notice 2001-10, the rules and regulation governing employer non-qualified deferred plans and employer qualified plans are detailed and meticulous in their scope and coverage. See e.g., paragraphs

0011-013, 0016-0061, 0064-068, 0070, and Tables 1-2 of McCain; also see e.g., pages 459 columns 1-3 of Notice 2001-10.

Applicant respectfully submits that it would not be obvious to a person skilled in the art to try to apply the teaching of McCain, Burgess, and Notice 2001-10 to PLR because different combinations of rules and regulation govern per capita benefits received for being a member of the Indian Tribe than govern benefits received by employees from employers. The I.R.S. Code, state tax laws, and other rules and regulation govern financial and tax structures of the employer non-qualified deferred plans and split-dollar insurance arrangements described in McCain, Burgess, and Notice 2001-10. In addition to these laws, rules, and regulations, actions by Indian Tribes can be governed by one or more of a federal Indian Gaming regulatory Action, the U.S. Bureau of Indian Affairs, the U.S. Department of the Interior, state compacts, or the like. Thus, if a first type of financial transaction is allowed under one set of governing laws (e.g., laws governing employee/employer compensation rules), it would not be obvious to a person skilled in the art that a second type of financial transaction would be legal or possible under a different set of governing laws (e.g., laws governing Indian Tribe's distribution of revenue to its members).

Accordingly, Applicant respectfully requests the allowance of amended claim 1 for at least these reasons.

**B. Claims 2-9, 11, and 13-18 Allowable over PLR in view of McCain, Burgess, and Notice 2001-10**

Applicant overcomes the rejection of claim 2-9, 11, and 13-18 under 35 U.S.C. §103(a) as being allegedly unpatentable over the combination of PLR, McCain, Burgess, and Notice

2001-10 because claim 2-9, 11, and 13-18 depend, directly or indirectly, from independent claim 1. Dependent claims must be construed to include all of the limitations of the claims from which they depend, as required by 37 C.F.R. 1.75(c) and M.P.E.P. 608.01(n). The deficiencies of the combination of PLR, McCain, Burgess, and Notice 2001-10 in relation to claim 1 are discussed above. Accordingly, the USPTO should allow claims 2-9, 11, and 13-18 for at least the same reasons as listed earlier for claim 1, as well as for their own respective limitations.

Additionally, claim 4 requires, in part, “the non-deferred portion for the monetary payment is paid to the second entity upon payment by the first entity of the monetary payment.” The combination of PLR, McCain, Burgess, and Notice 2001-10 does not teach or suggest this limitation. PLR teaches “receiving deferred benefits in lieu of current benefits.” PLR does not teach or suggest deferring only a portion of the monetary benefits, as required by claim 4. None of McCain, Burgess, and Notice 2001-10 provides the missing teaching of PLR. Accordingly, Applicant respectfully requests the allowance of claim 4 for at least this additional reason.

Claim 11 requires, in part, “making an investment in a third party, wherein: the third party makes the loan for the principal amount to the second entity.” None of PLR, McCain, Burgess, and Notice 2001-10 teach or suggest making a loan for a principal amount to the second entity, much less making an investment in a third party where the third party makes the loan for the principal amount to the second entity, as required by claim 11. Accordingly, Applicant respectfully requests the allowance of claim 11 for at least this additional reason.

Claim 14 requires, in part, “the loan is secured using at least one of the non-deferred portions of the plurality of monetary payments that has not been paid by the first entity to the second entity at a time when the loan is made.” None of PLR, McCain, Burgess, and Notice

2001-10 teach or suggest the loan is secured using at least one of the non-deferred portions of the plurality of monetary payments that has not been paid by the first entity to the second entity at a time when the loan is made, as required by claim 14. Accordingly, Applicant respectfully requests the allowance of claim 14 for at least this additional reason.

**C. Amended Claim 19 Is Allowable over PLR in view of McCain, Burgess, and Notice 2001-10**

Claim 19, as amended, overcomes the rejection under 35 U.S.C. §103(a) as being allegedly obvious over PLR in view of McCain and in further view of Burgess and Notice 2001-10 because the combination of PLR, McCain, Burgess, and Notice 2001-10 does not teach or suggest every limitation of amended claim 19

Amended claim 19 requires, in part, “periodically withholding an interest payment amount from the balance of the deferred income account to repay a finance charge for the loan.” PLR does not teach or suggest this limitation. PLR teaches a method that allows member of a Tribe to defer per capita distributions. McCain does not provide the missing teaching of PLR. McCain teaches method of setting-up an employee deferred income plan. McCain teaches a system where an employee defers compensation and where a non-taxable entity creates an indemnification trust account to indemnify the employer against the obligation to pay the employee’s deferred compensation. Paragraph 088.

Notice 2001-10 does not provide the missing teachings of PLR and McCain. Notice 2001-10 teaches the requirements for a split-dollar life insurance arrangement to be characterized as a loan for tax purposes by the I.R.S. Notice 2001-10 also discusses the tax treatment of



certain direct and indirect below-market loans under section 7872 of the I.R.S. Code. Page 460, column 2 line 40 through column 3 line 13.

The USPTO claims that Burgess teaches this limitation at column 4, lines 43-55 and column 4, line 66 through column 5, line 6. Office Action, dated 05/28/2009, pages 7, lines 19-22. Burgess, however, teaches the “employee enters a loan agreement to partly cover employee insurance premiums ... employee takes out and owns the life insurance policy, paying the remainder of the premiums from after-tax income ... It is also possible to schedule payments from the employer as bonuses to the employee.” Column 4, lines 43-55. Furthermore, Burgess teaches that the insurance agreement has a term of at least seven years, and periodic insurance premiums must be paid by the employee under the insurance agreement during this seven year term. Column 4, line 67 through column 5, line 6. Nowhere does Burgess periodically withholding an interest payment amount from the balance of the deferred income account to repay a finance charge for the loan, as required by amended claim 19. Also as previously discussed with respect to claim 1, it would not be obvious to a person skilled in the art to try to combine PLR with McCain, Burgess, and Notice 2001-10.

Accordingly, Applicant respectfully requests the allowance of amended claim 19 for at least these reasons.

**D. Claim 20-24 Are Allowable over PLR in view of McCain, Burgess, and Notice 2001-10**

Applicant overcomes the rejection of claims 20-24 under 35 U.S.C. §103(a) as being allegedly unpatentable over the combination of PLR, McCain, Burgess, and Notice 2001-10 because claims 20-24 depend, directly or indirectly, from independent claim 19. Dependent

claims must be construed to include all of the limitations of the claims from which they depend, as required by 37 C.F.R. 1.75(c) and M.P.E.P. 608.01(n). The deficiencies of the combination of PLR, McCain, Burgess, and Notice 2001-10 in relation to amended claim 19 are discussed above. Accordingly, the USPTO should allow claims 20-24 for at least the same reasons as listed earlier for amended claim 19, as well as for their own respective limitations.

Additionally, claim 20 requires, in part, “for each of the plurality of monetary payments, a difference between the monetary payment and the deferred portion is a non-deferred portion for the monetary payment; the non-deferred portion for the monetary payment is paid to the tribal member upon payment by the Indian Tribe of the monetary payment.” None of PLR, McCain, Burgess, and Notice 2001-10 teach or suggest this limitation. PLR teaches “receiving deferred benefits in lieu of current benefits.” PLR does not teach or suggest deferring only a portion of the monetary benefits, as required by claim 20. None of McCain, Burgess, and Notice 2001-10 provides the missing teaching of PLR. Accordingly, Applicant respectfully requests the allowance of claim 20 for at least this additional reason.

Claim 23 requires, in part, “arranging the loan from a third party for the principal amount to the tribal member.” None of PLR, McCain, Burgess, and Notice 2001-10 teach or suggest arranging the loan from a third party for the principal amount to the tribal member, as required by claim 23. Accordingly, Applicant respectfully requests the allowance of claim 23 for at least this additional reason.

Claim 24 requires, in part, “the principal amount is paid after the death of the tribal member out of a death benefit of an insurance policy on the life of the tribal member.” None of PLR, McCain, Burgess, and Notice 2001-10 teach or suggest that the principal amount is paid

after the death of the tribal member out of a death benefit of an insurance policy on the life of the tribal member, as required by claim 24. Accordingly, Applicant respectfully requests the allowance of claim 24 for at least this additional reason.

**E. Claim 25 Is Allowable over PLR in view of McCain, Burgess, and Notice 2001-10**

Claim 25 overcomes the rejection under 35 U.S.C. §103(a) as being allegedly obvious over PLR in view of McCain and in further view of Burgess and Notice 2001-10 because the combination of PLR, McCain, Burgess, and Notice 2001-10 does not teach or suggest every limitation of claim 25.

Claim 25 requires, in part, “periodically withholding an insurance payment from the balance of the deferred income account to make a premium payment for the insurance policy.” As previously discussed, none of PLR, McCain, and the Notice 2001-10 teach or suggest this limitation.

The USPTO claims that Burgess teaches this limitation at column 4, lines 43-55 and column 4, line 66 through column 5, line 6. Office Action, dated 05/28/2009, pages 7, lines 19-22. Burgess, however, teaches the “employee enters a loan agreement to partly cover employee insurance premiums ... employee takes out and owns the life insurance policy, paying the remainder of the premiums from after-tax income ... It is also possible to schedule payments from the employer as bonuses to the employee.” Column 4, lines 43-55. Furthermore, Burgess teaches that the insurance agreement has a term of at least seven years, and periodic insurance premiums must be paid by the employee under the insurance agreement during this seven year term. Column 4, line 67 through column 5, line 6. Nowhere does Burgess teach periodically

withholding, as required by claim 25. Also as previously discussed, it would not be obvious to a person skilled in the art to try to combine PLR with McCain, Burgess, and Notice 2001-10.

Accordingly, Applicant respectfully requests the allowance of claim 25 for at least these reasons.

**F. Claims 26-31 and 33-39 Are Allowable over PLR in view of McCain, Burgess, and Notice 2001-10**

Applicant overcomes the rejection of claims 26-31 and 33-39 under 35 U.S.C. §103(a) as being allegedly unpatentable over the combination of PLR, McCain, Burgess, and Notice 2001-10 because claims 26-31 and 33-39 depend, directly or indirectly, from independent claim 25. Dependent claims must be construed to include all of the limitations of the claims from which they depend, as required by 37 C.F.R. 1.75(c) and M.P.E.P. 608.01(n). The deficiencies of the combination of PLR, McCain, Burgess, and Notice 2001-10 in relation to claim 25 are discussed above. Accordingly, the USPTO should allow claims 26-31 and 33-39 for at least the same reasons as listed earlier for claim 25, as well as for their own respective limitations.

Additionally, claim 27 requires, in part, “the principal amount is a second portion of the balance of the deferred income account.” None of PLR, McCain, Burgess, and Notice 2001-10 teach or suggest that the principal amount is a second portion of the balance of the deferred income account, as required by claim 27. Accordingly, Applicant respectfully requests the allowance of claim 27 for at least this additional reason.

Claim 34 requires, in part, “the loan is secured using at least one of the non-deferred portions of the plurality of monetary payments that has not been paid by the Indian Tribe to the tribal member at a time when the loan is made.” None of PLR, McCain, Burgess, and Notice

2001-10 teach or suggest that the loan is secured using at least one of the non-deferred portions of the plurality of monetary payments that has not been paid by the Indian Tribe to the tribal member at a time when the loan is made, as required by claim 34. Accordingly, Applicant respectfully requests the allowance of claim 34 for at least this additional reason.

**G. Claims 12 and 32 are Allowable over PLR, McCain, Burgess, Notice 2001-10 and Walker**

Claims 12 and 32 overcome the rejection under 35 U.S.C. §103(a) as being allegedly obvious over PLR in view of McCain, Burgess, and Notice 2001-10 in further view of U.S. Patent No. 6,088,686 to Walker because the combination of PLR, McCain, Burgess, Notice 2001-10, and Walker does not teach or suggest every limitation of claims 12 and 32.

Claim 12 depends from independent claim 1. Claim 32 depends from independent claim 25. Dependent claims must be construed to include all of the limitations of the claims from which they depend, as required by 37 C.F.R. 1.75(c) and M.P.E.P. 608.01(n). The deficiencies of PLR, McCain, Burgess, and Notice 2001-10 in relation to claims 1 and 25 are discussed above.

Walker does not provide the missing teaching of PLR, McCain, Burgess, and Notice 2001-10. Walker teaches an on-line computerized system to streamline the processing of applications of products and services of financial institutions. Nowhere does Walker teach or suggest periodically withholding an interest payment amount from the balance of the deferred income account to repay a finance charge for the loan, as required by independent claim 1. Furthermore, Walker also does not teach or suggest periodically withholding an insurance payment from the balance of the deferred income account to make a premium payment for the insurance policy, as required by independent claim 25. Accordingly, the USPTO should allow

claims 12 and 32 for at least the same reasons as explained for claims 1 and 25, respectively, as well as for their own respective limitations.

### CONCLUSION

Applicant has made an earnest attempt to place this case in condition for allowance. In light of the amended claims and remarks set forth above, Applicant respectfully request consideration and allowance of all of the pending claims.

Applicant respectfully requests that the \$1110.00 extension fee due in connection with this Response to Office Action be charged to Account No. 02-4467. However, the Commissioner for Patents is hereby authorized to charge any additional fees necessitated by the filing of this paper, or credit any overpayment, to Account No. 02-4467.

If matters can be discussed by telephone to further the prosecution of this application, Applicant invites Examiner Tran to call the undersigned attorney at the Examiner's convenience.

Respectfully submitted,



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